

Appendix L

Management Control Evaluation Checklist - Disbursing Operations

A. Function.The function covered by this checklist is for the disbursing operations.

B. Purpose.The purpose of this checklist is to assist the finance and accounting officer/defense accounting officer in evaluating the key management controls listed below. It is not intended to cover all controls.

C. Instructions.Answers must be based on the actual testing of key management controls (for example, document analysis, direct observations, sampling, simulation, other). Answers which indicate deficiencies must be explained and corrective action indicated in supporting documentation. These management controls must be evaluated at least once every five years or when there is a change in Accountable Officers. Certification that this evaluation has been corrected must be accomplished on DA Form 11-2-R (Management Control Evaluation Certification Statement). DA Form 11-2-R is located in the back of this regulation. Reproduce this form on 8 1/2 X 11-inch paper. If a U.S. Army accounting activity or a Defense Accounting Office, complete the Internal Control Program listed below within 120 days from the date of this publication and every 5 years thereafter or when there is a change in account holders. See AR 11-2 (Management Control) for specific requirements of the Internal Control Program. If accounting activity has been capitalized under Defense Finance Accounting Service-Indianapolis Center (DFAS-IN), use DFAS 5010.38-R (Internal Management Control Program), dated February 1993, for policy guidance. However, defense accounting officers will use this Appendix to establish the local Internal Control Program since it has been tested and proven over several years. If a DFAS accounting activity, this appendix may be expanded for your particular use/environment. **(Note: Questions are based on policy in procedures found in Chapter 40 of this regulation and the DoD Financial Management Regulation (DoDFMR) 7000.14-R, Volume 5.)**

D. Test Questions(Negative answers indicate a management control weakness.)

VAULT MANAGEMENT

1. Does the vault or safe meet the specified requirements?
2. Are only the finance and accounting officer/defense accounting officer and deputy or agent aware of the combination to the vault?
3. Is a DA Form 727 (Classified Container Information) attached to the outside of the vault or safe dated to show when the combination was last changed, including safes assigned to cashiers?
4. Is a suitably marked, sealed envelope containing the combination in the possession of the installation commander?
5. Is the alarm tested at the beginning of the business day?
6. If the alarm is non-operational at the end of the day, are armed guards posted to provide security for the contents of the vault?
7. Are U.S. Treasury checks inventoried upon receipt from the contractor?
8. Are U.S. Treasury checks stored in an approved vault, storage container, or secured area that reduces the amount of exposure to light, heat, and moisture?
9. Is the Blank Check Control Log annotated to show the issuance of blank checks to and return from the check-writer?
10. Is the signature die secured in the vault area?
11. Is there a method used to determine the amount of cash to be ordered?

Appendix L

Management Control Evaluation Checklist - Disbursing Operations*continued*

- 12. Has the cash determination formula criteria been applied?
- 13. Is there a method to determine the amount of foreign currency to be ordered?
- 14. Is a physical verification of cash accomplished upon receipt of the money?
- 15. Does the amount of cash (U.S. and foreign) as shown on the vault ledger and the Analysis and Accountability section of DD Form 2665 (Daily Agent Accountability Summary) or DD Form 2657 (Daily Statement of Accountability) agree with the actual cash in the vault?

PAYING/CONVERSION AGENT

- 16. Is the proper identification and documentation presented by the paying agent?
- 17. Is the paying agent accompanied by an armed guard(s)?
- 18. Was an oral briefing conducted for newly appointed paying agents?
- 19. Was the paying agent provided with comprehensive written instructions?
- 20. Did the paying agent physically count all cash given to him or her?
- 21. Did both the deputy and paying agent sign DD Form 1081 (Statement of Agent Officer's Account) prior to the agent's departure from the disbursing branch?
- 22. Is the original DD Form 1081 retained in the disbursing branch pending return of the paying agent?
- 23. Are funds returned by the paying agent physically counted, vouchers checked for signatures, adding machine tapes run on negotiable instruments and vouchers, then compared with the amount advanced on DD Form 1081?
- 24. Are funds being returned by paying agents in a timely manner?

DISBURSING AGENT

- 25. Did both the deputy and disbursing agent sign DD Form 1081 prior to the agent's departure from the disbursing branch?
- 26. Is the appointing document for the disbursing agent officer on file in the finance office?
- 27. Is a current, comprehensive memorandum of instruction (MOI) on file in the disbursing agent's office?
- 28. Did the disbursing agent officer physically verify that items received are in agreement with the amounts shown on DD Form 1081?
- 29. Does the office maintain a file of DD Forms 1081 that are advanced to the disbursing agent?
- 30. Can the amounts shown on DD Form 1081, TL, and DD Form 2657 be tracked for accuracy?
- 31. Are all cash disbursement vouchers, paid by the disbursing agent, signed by the payees?
- 32. Is a prompt reconciliation of the disbursing agent's transactions performed by personnel of the disbursing branch?

Appendix L

Management Control Evaluation Checklist - Disbursing Operations*continued*

- 33. Does the disbursing agent receive a signed copy of the TL?
- 34. Has more than one year elapsed since the finance and accounting officer/defense accounting officer inspected the disbursing agent's office?
- 35. Is cash on hand held by the disbursing agent verified quarterly on an unannounced basis?
- 36. Is the Agent Blotter posted on a daily basis?

CASHIER:

- 37. Are cashiers appointed by the finance and accounting officer/defense accounting officer?
- 38. Are copies of appointing documents for each cashier on file in the disbursing branch?
- 39. Is there evidence that cashiers have been briefed concerning their duties and responsibilities (that is, signature of cashiers on standard operating procedures (SOPs), subcourse completion certificates, and so forth)?
- 40. Is there evidence that cashiers have read the SOP annually?
- 41. Are funds verified by both the deputy and cashier?
- 42. Is DD Form 1081 prepared for exchange of funds and documents between the deputy and the cashier?
- 43. Are advance and return of funds and documents posted to the vault ledger?
- 44. Does each cashier have a separate, distinct work area?
- 45. Is the cashier's work area secured when cashier departs the area?
- 46. Does actual cash (U.S. and foreign) agree with the U.S. CURRENCY AND COIN and FOREIGN CURRENCY AND COIN on DD Form 2665 or DD Form 1081?
- 47. Has the disbursing officer published written guidance that sets the maximum dollar accountability that a cashier can retain at the end of the day?
- 48. Is a cashier's accountability reduced to no more than the local limit at the end of the day?
- 49. Does the deputy sign DD Form 2665 or DD Form 1081?
- 50. Does the deputy physically verify funds in the hands of cashiers on a daily basis?
- 51. Is each cashier provided with a separate safe or receptacle for the storage of funds and vouchers?
- 52. Did the cashier verify the funds received?

COLLECTIONS:

- 53. Did the cashier initial both the original and duplicate copy of the collection voucher?
- 54. Is there a sign near the cashier's area alerting personnel who turn in funds to obtain an authenticated copy of the voucher for their records?

Appendix L

Management Control Evaluation Checklist - Disbursing Operations*continued*

- 55. Is there a collection voucher log in existence used to sequentially record collection vouchers?
- 56. Is a copy of the collection voucher being retained by the deputy?
- 57. If validating equipment is being used, are all collection documents being validated?
- 58. Is there a sign near the cashier's area alerting personnel who turn in funds of the sample signature of the authorized certifying official or validating stamp.
- 59. Is the remitter furnished a copy of the collection voucher with the signature of the deputy or authentication by the validation machine?

DEPOSITS:

- 60. Does the amount shown on DD Form 2665 agree with the amount shown on the deposit ticket (SF 215)?
- 61. Is there evidence that a descriptive record is maintained or available at the depository for each negotiable instrument sent to the depository?
- 62. Is an armed escort used when transporting public funds to the depository?
- 63. Does a review of SF 215 (Deposit ticket) indicate that daily deposits are being made?
- 64. Is a phone call made to the financial institution if confirmed copy of deposit ticket is not received in a timely manner?
- 65a. Has the office applied for access to Treasury's CASH-LINK system?
- 65b. Is the system being accessed at least weekly?
- 66a. Are amounts charged back to account **F3878 reviewed monthly?
- 66b. If debit chargeback transaction is not processed within 60 days from receipt of the RCS CSCFA-304 report, is a loss of funds request submitted to DFAS-IN?

DISBURSEMENTS

- 67. Are disbursement vouchers being hand-carried to the cashier by the finance personnel to preclude unauthorized alteration of the voucher?
- 68. Is DD Form 577 (Signature Card) on file for each person who certifies vouchers presented to the cashier for payment?
- 69. Is the payee required to produce proper identification before payment is made?
- 70. Are all vouchers signed in the presence of the cashier by the payee before payment is made?
- 71. Are the proper procedures followed to ensure that the exact amount of funds are disbursed to the payee?
- 72. Are multiple payments to the same payee paid separately by the cashier to reduce the possibility of overpayment or underpayment to the payee?
- 73. Does the cashier initial the original and duplicate copy of all disbursement vouchers and negotiable instruments?

Appendix L

Management Control Evaluation Checklist - Disbursing Operations*continued*

74. Does the actual amount of voucher disbursements agree with the dollar amount shown on DD Form 2665 or DD Form 1081?

CHECK ISSUE REPORTING

75. Is there a local mechanism to control the submission of check issue data to DFAS-IN?

76. Is check issue data submitted to DFAS-IN on a weekly basis?

77. Are rejected submissions resubmitted to DFAS-IN within 5 workdays of notification of the reject?

78. Are corrective actions taken to resolve the missing categories of checks as depicted in the Defense Check Reconciliation Module (DCRM) inquiry mode and on the weekly report provided to the finance office by DCRM?

RECEIPTS

79. Is a signed statement or a completed DD Form 2660 (Statement of Claimant Requesting Recertified Check) completed by each claimant alleging nonreceipt of a check?

80. Are SFs 1184 (Unavailable Check Cancellation) input to DJMS on a daily basis?

81. Is the recertified check register posted to reflect individual segments of the case history?

82. Are all disbursements for a recertified check made from account 21F3880?

83. If the U.S. Treasury advises the original check has been negotiated, is the claimant contacted immediately and asked to repay the debt?

84. If collection action is not possible, is the case forwarded to DFAS-IN NLT 85 calendar days from the date time stamp on the document which established the receivable for out of service collection action?

85. Is the request for relief from loss of funds forwarded to DFAS-IN (Office of General Counsel) within 90 calendar days from the date the receivable was forwarded to DFAS-IN?

86. Is DD Form 2657 posted to reflect the loss of funds request?

87. If followup action on any transaction is necessary, does it take place within the time frames?

CHECK CASHING

88. Does the account holder have approval to cash negotiable instruments?

89. Has written guidance been published defining check cashing policy?

90. Does the cashier verify that the customer is not on any bad-check lists?

91. Does the cashier verify the signature on the check with that on the ID card?

IMPREST FUNDS

92. Is there a document on file, signed by the installation commander, that establishes the fund and sets dollar limits on the amount of the fund?

Appendix L

Management Control Evaluation Checklist - Disbursing Operations*continued*

- 93. Are imprest fund cashiers appointed by proper authority to the finance and accounting officer/defense accounting officer, and are appointing documents for each cashier on file in the disbursing branch?
- 94. Was an oral briefing conducted for newly appointed imprest fund cashiers?
- 95. Was the imprest fund cashier provided with comprehensive written instructions?
- 96. Is there a DD Form 1081 for each imprest fund?
- 97. Is DD Form 1081 within the limits of the fund and not more than \$10,000?
- 98. Is verification of the subvouchers OF 1129 - Cashier's Reimbursement Voucher and/or Accountability Report) done to ensure the amount of reimbursement is proper?
- 99. Are all vouchers signed by the payee before payment is made?
- 100. Is verification of the subvouchers done to ensure the amount of reimbursement is proper?
- 101. Is the established amount of the fund consistent with the amount of past disbursements?
- 102. Are individual disbursements for amounts of less than \$500?
- 103. Are current orders on file for all change fund custodians?
- 104. Are change fund custodians provided with comprehensive written instructions at the time they are advanced funds?

CURRENCY CONVERSION

- 105. Are procedures in effect that ensure rate conversion tables are exact?
- 106. Is the daily rate of exchange posted in and around the cashier area?
- 107. Is the correct rate sheet posted?
- 108. Is DD Form 2664 (Currency Exchange Record) used to record foreign currency transactions?
- 109. Does the cashier require proper identification of the customer prior to exchanging currency?
- 110. Is the cashier aware of the circumstances and limits under which foreign currency may be received?
- 111. Is DA Form 4151 (Record of Individual Exchange Transactions) used to record foreign currency transactions?
- 112. Is DD Form 1131 (Cash Collection Voucher) for gains or SF 1034 (Public Voucher for Purchases and Services Other Than Personal) for losses prepared?
- 113. Is the local depository checking account reconciled on a monthly basis?

GENERAL:

- 114. Are pertinent regulations, including all changes, messages, and MOIs posted and readily available to disbursing section personnel?

Appendix L

Management Control Evaluation Checklist - Disbursing Operations*continued*

115. Have current SOPs been developed to assist personnel in better understanding the flow of a particular function within the office?
116. Are requests for exceptions for policy sent through command channels to DFAS-HQ?
117. Are approved exceptions on file in the disbursing section?
- 118a. Is adequate security present at entrance and exit areas?
- 118b. Is adequate security present at vault area?
- 118c. Is adequate security present at check and bond preparation area?
- 118d. Is adequate security present at cashier area?
119. Are the duties and responsibilities of personnel systematically assigned to a number of individuals to ensure that effective checks and balances exist?
120. Are personnel, particularly cashiers, aware of what procedures should be followed in case of an attempted robbery?
- 121a. Has authority to keep cash on hand in a specific amount been approved by the approving authority?
- 121b. Is cash-holding authority reviewed semiannually to ensure the amount as approved is consistent with past operating needs?
- 121c. If cash holding authority exceeds past operating needs, is action taken to reduce the authority?
- 121d. Is the cash held at personal risk (that is, operating cash, imprest funds, and so forth) verified quarterly on an unannounced basis?
122. Does the installation commander provide adequate military or civilian armed guards to safeguard funds being transported to and from the depository?
123. Are local procedures in effect to preclude cash agents and other fund custodians (that is, change fund, imprest fund, and so forth) from departing the installation prior to clearing his or her account?
124. Have internal control related deficiencies from prior audits, reviews, and physical security surveys been corrected?
125. Does the amount of cash advanced on DD Form 1081 agree with DD Form 2657 or DD Form 2665 ?
126. Does each line of Part B of SF 1219 (Statement of Accountability) agree with the related columns of DD Form 2657?